

Requiring affordable housing in Travis County rail transportation project reinvestment zone

SB 833 by Barrientos (Dukes)

DIGEST: SB 833 would have required the project plan for a reinvestment zone using tax increment financing to include certain levels of affordable housing. It would have applied to a rail transportation project in Travis County.

GOVERNOR'S REASON FOR VETO:

“Senate Bill No. 833 would require that Travis County, should it create a reinvestment zone as part of developing a new commuter rail project, devote a portion of the tax increment finances created within the zone for building affordable housing. I respect the intent of this legislation. My administration strongly supports affordable housing and efforts to expand housing opportunities for working Texans.

“However, local governments use tax increment financing to promote economic growth and redevelopment in designated areas. The success of these zones depends on local government officials and citizens setting priorities for the zone, as well as strong local management to see that the zone’s intended purposes are met. These zones are intended to finance and implement complex economic development strategies to benefit an entire community, and certainly few projects will be as complex as those associated with a new commuter rail project in Travis County. For this reason, I oppose setting in state law the priorities of a reinvestment zone in Travis County.

“Moreover, as the Texas economy continues to grow, our communities are meeting the challenges of expanding their transportation infrastructure. That is why I am opposed to diverting limited funding for critical transportation projects to any other purpose. While the reinvestment zone envisioned in Senate Bill No. 833 would not directly fund rail construction in Travis County, the zone is an integral part of making the rail line successful and promoting the economic vitality of the adjacent area. I am confident that officials and concerned citizens in Travis County will make wise decisions as to how best to use tax increment financing associated with any new commuter rail project, and meet the needs of all of the county’s residents.”

RESPONSE: Sen. Gonzalo Barrientos, the bill’s author, said: “This was a local bill that set achievable thresholds for affordable housing and would have ensured that the people who could benefit most from mass transportation could live close enough to use it.”

Rep. Dawnna Dukes, the House sponsor, said: “The veto of SB 833 by Barrientos was strictly evidence of the pattern of practice this session of eliminating affordable housing. It is essential, especially in Austin with one of the highest housing markets in the state, to preserve affordable housing. Rail districts tend to be economic hubs and property values tend to substantially increase around those hubs. By utilizing funds from the TIF [tax increment financing reinvestment zone] served by a rail transportation project to build a

certain percentage of affordable housing, the preservation of traditional neighborhoods around these transit stops is a real possibility. With the veto of SB 833 and the assurance of affordable housing within a TIF, we create exclusionary regions for Texans.”

NOTES:

SB 833 passed the House on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.